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ANNUAL AUDITED REPORT FORM X-17A-5 PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

<u> </u>	. REGISTRANT IDENTIFICAT	ION	
NAME OF BROKER-DEALER:		<u>OFF</u>	ICIAL USE ONL
ILLUSTRO TRADING LLC		F	TRM ID. NO.
ADDRESS OF PRINCIPAL PLACE	OF BUSINESS: (Do not use P. O. B	ox No.)	
o ACCOUNTING and COMPLIA	NCE INTERNATIONAL, 40 Wal	I St. – Suite 17	04,
NEW YORK,	NEW YORK	10005	
(City) NAME AND TELEPHONE NUMBE	(State) OR OF PERSON TO CONTACT IN	REGARD TO	(Zip Code) THIS REPORT
LAN KRIM	(212) 668 - 8700		
	(Aı	rea Code - Tele	phone No.)
В.	ACCOUNTANT IDENTIFICAT	ION	
DEPENDENT PUBLIC ACCOUNT	ANT whose opinion is contained in	this Report*	
ERNER & SIPKIN, CPAs, LLP		• 	
	New York	NY	10038
2 Nassau Street, Suite 1023		ATTOMICS AND	EXCHANGE COMMIS
2 Nassau Street, Suite 1023 X Certified Public Acc		SECURITIES AND	CEIVED
	ountant FOR OFFICIAL USE ONLY	RE	
		RE	3 2 3 2012

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SEC 1410 (06-02)



OATH OR AFFIRMATION

I, PHILIP QUARTUCCIO, swear (or affirm) that, to the best of my knowledge and belief, the accompanying financial statement and supporting schedules pertaining to the firm of ILLUSTRO TRADING LLC, as of DECEMBER 31, 2011, are true and correct.

I further swear (or affirm) that neither the company nor any partner, proprietor, member, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

NONE

	X	glup de
		Signature
		CEO 1/30/2012
		Title
5		

No. 01MU6247130 Qualified in Kings County Commission Expires August 22, 2018

MARGERY NELL MURRIEL Notary Public, State of New York

Notary Public

This report** contains (check all applicable boxes):

- (x) (a) Facing page.
- (x) (b) Statement of Financial Condition.
- (x) (c) Statement of Operations.
- (x) (d) Statement of Cash Flows.
- (x) (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (x) (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (x) (g) Computation of Net Capital.
- () (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- () (i) Information Relating to the Possession or Control requirements under rule 15c3-3.
- () (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the reserve requirements Under Exhibit A of Rule 15c3-3.
- () (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (x) (1) An Oath or Affirmation.
- (x) (m) A copy of the SIPC Supplemental Report.
- () (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (x) (o) Independent Auditors' Report on Internal Accounting Control.
- ** For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

ILLUSTRO TRADING LLC

STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2011

ASSETS	
Cash and cash equivalents	\$ 50,781
Due from broker	246,505
Fixed assets - net of accumulated depreciation of \$3,159 (Note 2(d))	15,794
Other assets	5,846
Total assets	\$ 318,926
LIABILITIES AND MEMBERS' CAPITAL	
Liabilities:	
Accounts payable and accrued expenses	\$ 223,356
Total liabilities	223,356
Commitments and Contingencies (Note 3)	
Capital (Note 4)	95,570
Total liabilities and capital	\$ 318,926

ILLUSTRO TRADING LLC

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

Note 1 - Nature of Business

Illustro Trading LLC, a limited liability company, (The "Company") is a New York company formed for the purpose of conducting business as a broker in securities.

The Company operates under the provisions of Paragraph (k) (2) (ii) of Rule 15c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provisions of that rule. Essentially, the requirements of Paragraph (k) (2) (ii) provide that the Company clears all transactions on behalf of customers on a fully disclosed basis with a clearing broker/dealer, and promptly transmits all customer funds and securities to the clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker/dealer.

Note 2 - Summary of Significant Accounting Policies

a) Revenue Recognition

Securities transactions (and the recognition of related income and expenses) are recorded on a trade date basis. Commission income and related expense are recorded on a settlement date basis. There is no material difference between settlement date and trade date.

b) Income Taxes

Income taxes are not payable by, or provided for, the Company. Members are taxed individually on their share of Company earnings for federal and state income tax purposes. The accompanying financial statements have been adjusted to provide for unincorporated business tax based upon Company income, if applicable.

c) Cash and Cash Equivalents

The Company considers demand deposited money market funds to be cash equivalents. The Company maintains cash in bank accounts which, at times, may exceed federally insured limits or where no insurance is provided. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

d) Equipment

Equipment is carried at cost and is depreciated over a useful life of 5-7 years using accelerated methods.

e) Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses.

ILLUSTRO TRADING LLC

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

Note 2 - Summary of Significant Accounting Policies

f) Subsequent Event

The Company has evaluated events and transactions that occurred between December 31, 2011 and February 11, 2012, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

Note 3 - Financial Instruments with Off-Balance Sheet Credit Risk

As a securities broker, the Company is engaged in buying and selling securities for a diverse group of institutional and individual investors. The Company introduces these transactions for clearance to another broker-dealer on a fully disclosed basis.

The Company's exposure to credit risk associated with non-performance of customers in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile trading markets which may impair customers' ability to satisfy their obligations to the Company and the Company's ability to liquidate the collateral at an amount equal to the original contracted amount. The agreement between the Company and its clearing broker provides that the Company is obligated to assume any exposure related to such non-performance by its customers. The Company seeks to control the aforementioned risks by requiring customers to maintain margin collateral in compliance with various regulatory requirements and the clearing broker's internal guidelines. The Company monitors its customer activity by reviewing information it receives from its clearing broker on a daily basis, and requiring customers to deposit additional collateral, or reduce positions, when necessary.

Note 4 - Net Capital Requirement

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 1500%. At December 31, 2011, the Company had net capital of \$18,972 which was \$4,081 in excess of its required net capital of 14,891. The Company's net capital ratio was 1,177.29%.

A copy of the Company's Statement of Financial Condition as of December 31, 2011, pursuant to SEC Rule 17a-5 is available for examination at the Company's office and at the regional office of the Securities and Exchange Commission and the office of the Financial Industry Regulatory Authority.



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Joseph G. Sipkin, C.P.A. jsipkin@lernersipkin.com

INDEPENDENT AUDITORS' REPORT

To the Members' of

Illustro Trading LLC

c/o Accounting and Compliance International
40 Wall Street, 17th Floor

New York, NY 10005

We have audited the accompanying statement of financial condition of **Illustro Trading LLC** as of December 31, 2011. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of **Illustro Trading LLC** as of December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

Lerner & Sipkin, CPAs, LLP Certified Public Accountants (NY)

New York, NY February 11, 2012